



## Department of Natural Resources

# Division of Lands and Minerals

## FY 2010-11 Biennial Budget

Environment, Energy, and Natural Resources Budget Division

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February 17, 2009



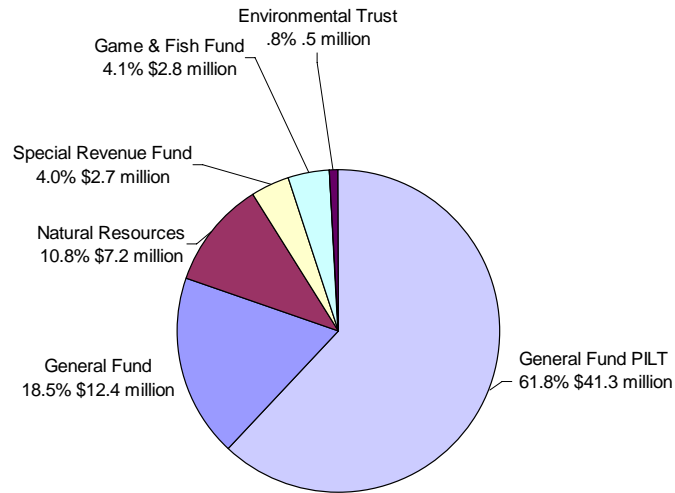
## Presentation Outline

- Lands and Minerals – Budget and Trends
- Program Objectives
- Program Outcomes
- FY 2010-11 Change Items



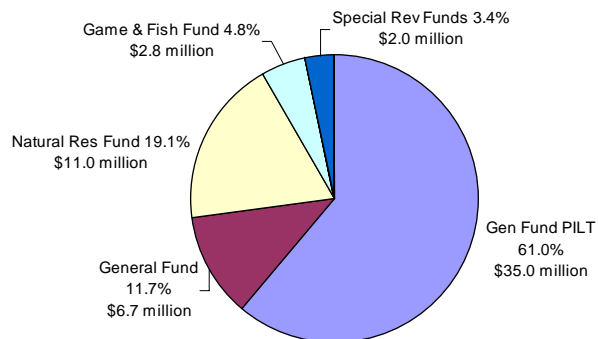
## DNR Lands and Minerals

**FY2008-09 Land and Minerals Budgeted Expenditures  
\$66.9 million (including PILT)**



## DNR Lands and Minerals

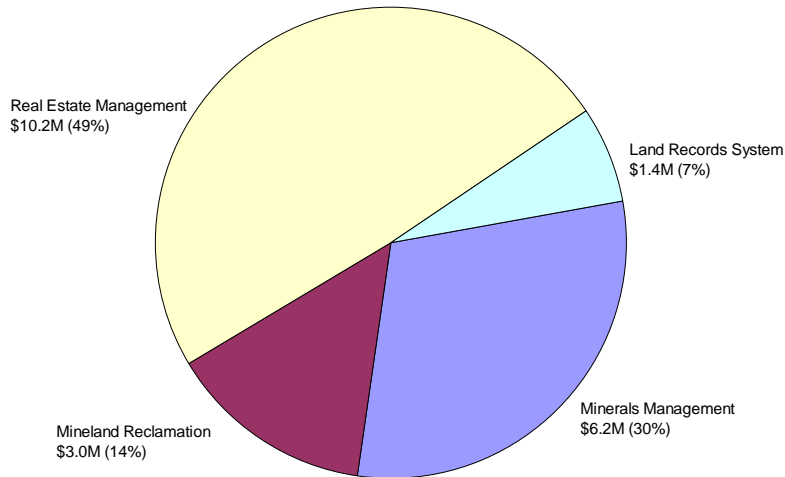
**FY 2010-11 Governor's Recommendation  
Lands and Minerals  
\$57.4 million (including PILT)**





## DNR Lands and Minerals

FY2010-11 Lands and Minerals  
Operating Budget (excluding PILT)  
\$20.8 million



## DNR Lands and Minerals

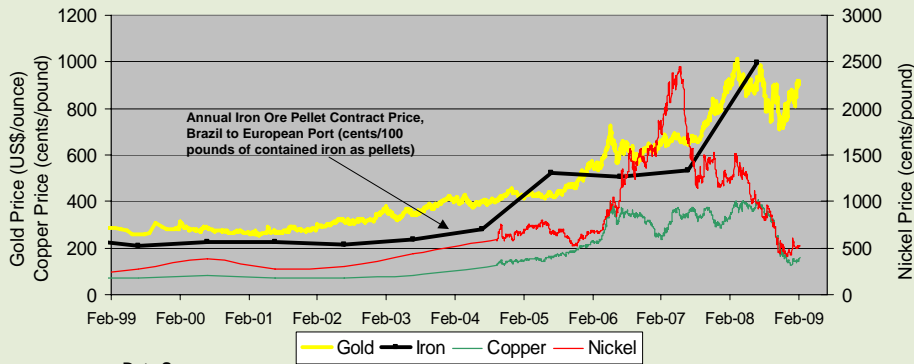
### Major Responsibilities

- Manage mineral activities on about 12 million acres of state-owned mineral rights.
  - 80% of U.S. produced iron ore and taconite is mined in Minnesota
  - Minnesota ranks 3<sup>rd</sup> nationally in horticultural peat production
- Enforce Mineland Reclamation regulations at taconite and peat mining operations affecting over 250,000 acres of public and private land.
- Manage real estate transactions on 5.5 million acres of state-owned lands.
  - Acquisition of 57,469 acres of conservation easements in FY 2008
  - Acquisition of 14,850 acres of fee title land in FY 2008



## DNR Lands and Minerals

### Trends: Copper, Nickel, Gold, Iron Prices 1999-2009



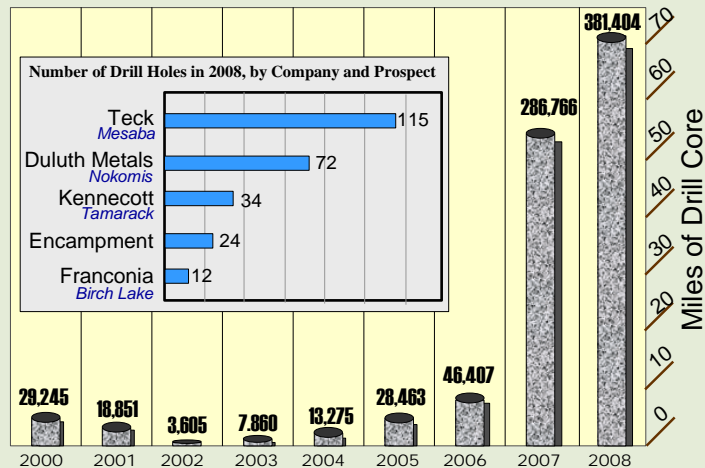
#### Data Sources

Copper and Nickel: London Metals Exchange  
Gold: World Gold Council (London PM close)  
Iron: CVRD (Common proxy for global pellet prices)



## DNR Lands and Minerals

### Exploration for Metallic Minerals Total Drill Footage Statewide by Calendar Year



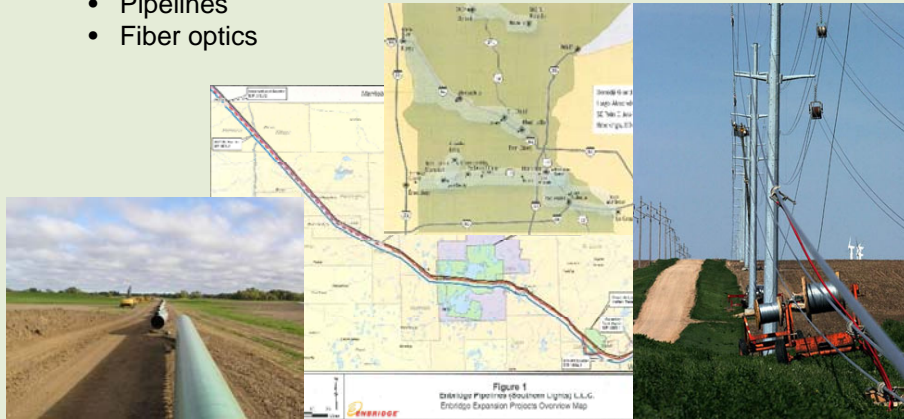


## DNR Lands and Minerals

### Trends: Expansion of Infrastructure for State and Regional Citizens

Utility licenses required for crossing state lands and public waters

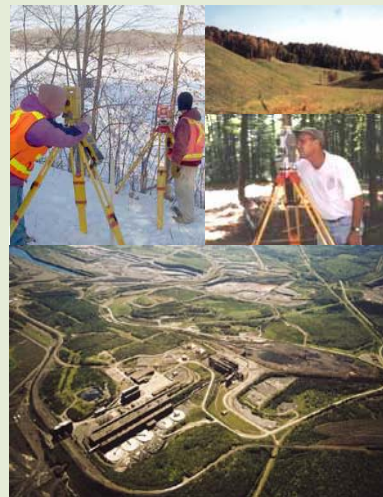
- Powerlines
- Pipelines
- Fiber optics



## DNR Lands and Minerals

### - Program Objectives -

- Minerals Management
- Mineland Reclamation
- Real Estate Management
- Land Records System





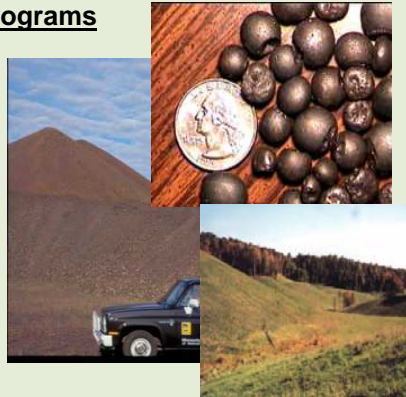
# DNR Lands and Minerals

## Program Objective 1: Minerals Management

Manage mineral activities for the benefit of the Permanent School Fund, Permanent University Fund, local units of government, and the public on about 12 million acres of state-owned mineral rights

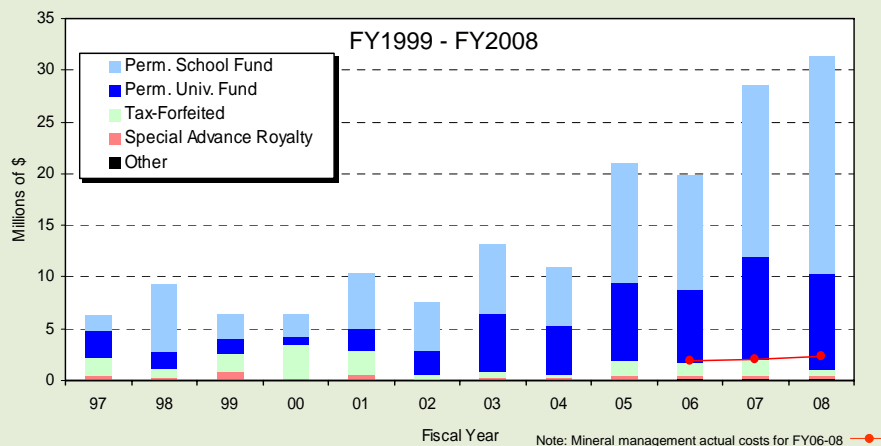
### Supporting Programs

- Mineral title research
- Mineral leasing program
- Mining engineering
- Mineral resources program (includes drill sample analysis)
- Minerals information
- Iron Ore Cooperative Research
- Minerals Diversification



# DNR Lands and Minerals

## Mineral Revenue

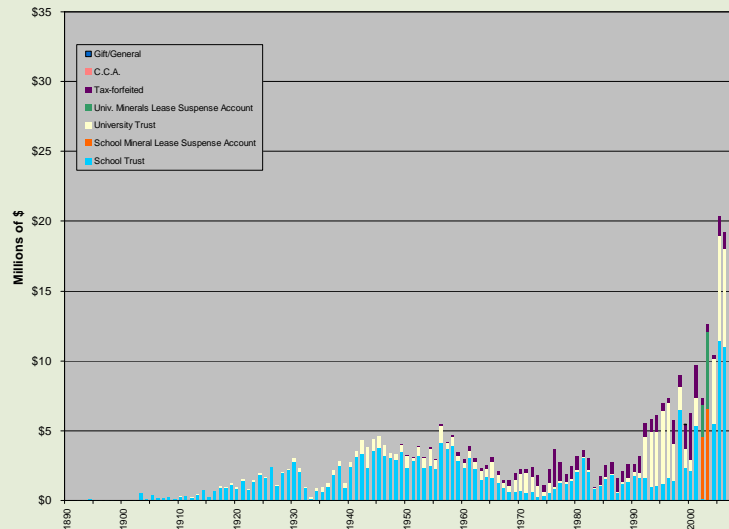


**FY 2008 Result:** Over \$31 million of mineral revenue generated  
**FY 2008 Target:** Maximize mineral lease revenues for Permanent School Fund, Permanent University Trust Fund, and local units of government



## DNR Lands and Minerals

Historic Iron Ore and Taconite Revenue  
FY1890-2008



## DNR Lands and Minerals

### Continuing Mineral Management Objectives

- Continue primary minerals management responsibilities
- State/industry investments to fund research to:
  - Diversify mineral industry
  - Reduce processing costs at active operations





# DNR Lands and Minerals

## *Program Objective 2: Mineland Reclamation*

**Enforce mineland reclamation regulations at ferrous, non-ferrous, and peat mining operations affecting over 250,000 acres of public and private land**

*to control adverse environmental effects of mining, to preserve the natural resources, and to encourage the planning of future land utilization, while at the same time promoting the orderly development of mining, the encouragement of good mining practices, and the recognition and identification of the beneficial aspects of mining*

### Supporting Programs

- Mine Permitting
- Inspections
- Environmental Review
- Environmental Cooperative Research



# DNR Lands and Minerals

## *Mineland Reclamation*

- Permit to Mine process
  - Pre-permit data collection
    - Waste characterization
    - Existing infrastructure
  - Permit development
    - Mine plan
    - Reclamation plan – Progressive
    - Financial assurance
  - Permit issuance
  - Compliance inspection
  - Final permit release
- Environmental Review
  - Participation and technical support
  - Conducted with goal of application to permit decisions
- Research
  - Understanding of how to best manage mine wastes
  - Long term, consistent experiments
- Safety
  - Maintain mine pit fencing on state owned land
- Cost recovery through fee schedule
  - Legislatively directed
  - Fees to users of services







## DNR Lands and Minerals

### *Mineland Reclamation*

#### **Results:**

- Permits issued, assigned, and amended to meet industry needs
- Projects financially assured as required
- Mine waste management
- Compliance with plans
- Environmental reviews (EAW and EIS) completed
- Fee schedule implemented to recover costs to state for program
- Acres involved in permitting (to date)
  - 256,000 acres under permit
  - 200-700 acres/yr disturbed in new mining
  - 15,300 acres have been permanently reclaimed since 1980
    - 620 acres reclaimed in 2006
    - 940 acres reclaimed in 2007
  - 4000 acres/yr tailings basin temporarily stabilized for dust control
    - 4,074 acres stabilized in 2006
    - 4,617 acres stabilized in 2007



## DNR Lands and Minerals

### *Program Objective 3: Real Estate Management*

**Manage real estate transactions on 5.5 million acres of state-owned lands**

#### **Supporting Programs**

- Fee and easement acquisitions
- Land exchanges and land sales
- Land survey program
- Appraisals
- Leases, utility licenses, road easements
- Trust fund revenue enhancement
- County aggregate mapping

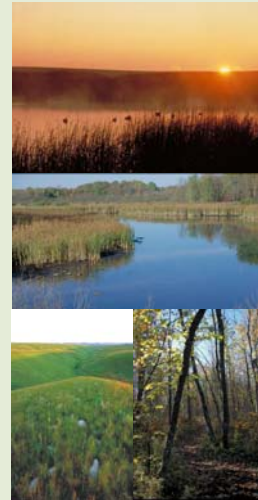


# DNR Lands and Minerals

## - Performance Measures -

For FY 2007-2008 the DNR:

- Acquired 72,425 acres of fee and easement interests spending \$56.4 million
- Sold 1,088 acres, for \$1.99 million
- Exchanged 5,511 acres for 11,544 acres, at a value of \$9,270,000
- Managed 2.5 million acres of school trust lands
- Issued utility licenses, road easements, and leases with revenue of \$3.09 million
- Surveyed land, paid taxes, defended State's title in court cases, maintained land records, collected revenue



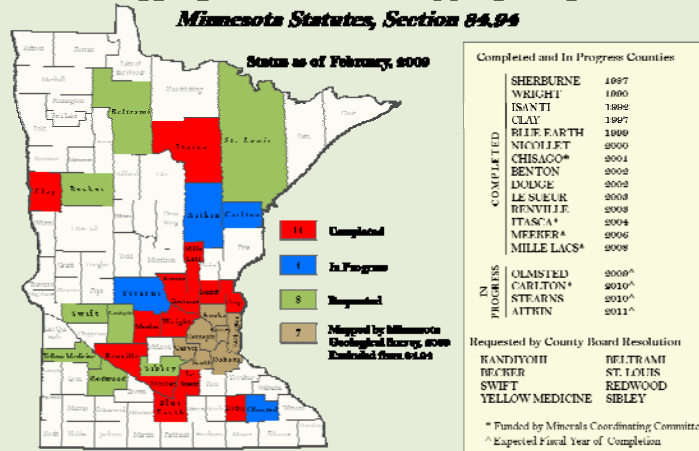
# DNR Lands and Minerals

## - Performance Measures -

Status – Accelerated County Aggregate Mapping

### Aggregate Resource Mapping Program

*Minnesota Statutes, Section 84.94*



**Target:** Map three additional counties for construction aggregates by FY2011



## DNR Lands and Minerals

### *Program Objective 4: Land Records System*

#### **Support strategic land management and access to information through land records system**

- Enhance access to public information on state land assets
- Stream-line legislatively mandated reporting requirements
- Accelerate integrated natural resource management



## DNR Lands and Minerals

### **End Result – Integrated and Accessible Information on Resource Management**

- Developing and deploying a new Land Records System
- Enhanced public access to resource information on the complex patchwork of state land and mineral interest
- Stream-lined legislatively mandated reporting requirements
- More integrated natural resource management

**Recreation Compass**  
A gateway to information on Minnesota's outdoor recreation areas

MAP LEGEND  
State Game Areas  
Lakes & Rivers  
Wildlife Management Areas  
State Parks  
National Wildlife Refuges  
National Forests  
Public Water Access

how to use the compass

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Map of Minnesota, MN, USA  
Map of Minnesota, MN, USA  
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# DNR Lands and Minerals

## - Change Items -

### General Fund Reduction for Lands and Mineral Management: **(\$1,877,000/fiscal year)**

- Reclamation Management

General Fund Reduction: **(\$1,202,000/FY)** Estimated Revenue: **\$1,202,000/FY**

Fully recover costs of mineland reclamation through: (1) annual Permit to Mine fee charged to ferrous (iron ore and taconite), non-ferrous, and peat mining companies; (2) application fee for all new permits to mine, with supplemental fee to cover costs for reviewing and preparing permit to mine for taconite and non-ferrous mineral; and (3) reclamation fee payable by fee owners of taconite mined in Minnesota.

- Land Management Account

General Fund Reduction: **(\$675,000/FY)** Estimated Revenue: **\$612,000/FY**

Increase application fees and create monitoring fee for utility licenses and road easements to fully recover the costs to process contracts for utility licenses and easements.



# DNR Lands and Minerals

## Governor's Budget Recommendation for FY2010-11

Direct Appropriation Operating Budget, excludes PILT  
(thousands)

Lands and Minerals	General Fund	Other Funds	Total
Minerals Management	\$444	\$5,792	\$6,236
Mineland Reclamation	\$172	\$2,804	\$2,976
Real Estate Management	\$6,086	\$4,096	\$10,182
Land Records System	-	\$1,402	\$1,402
			<b>\$20,796</b>





## DNR Lands and Minerals

**Comments – Questions?**